



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Financial Statements Audit Report

City of Buckley

Pierce County

For the period January 1, 2013 through December 31, 2013

Published December 31, 2014

Report No. 1013366





Washington State Auditor Troy Kelley

December 31, 2014

Mayor and City Council
City of Buckley
Buckley, Washington

Report on Financial Statements

Please find attached our report on the City of Buckley's financial statements.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

TABLE OF CONTENTS

Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards	4
Independent Auditor's Report On Financial Statements	7
Financial Section.....	10
About The State Auditor's Office.....	29

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**City of Buckley
Pierce County
January 1, 2013 through December 31, 2013**

Mayor and City Council
City of Buckley
Buckley, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Buckley, Pierce County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 23, 2014.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

December 23, 2014

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Buckley Pierce County January 1, 2013 through December 31, 2013

Mayor and City Council
City of Buckley
Buckley, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Buckley, Pierce County, Washington, for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 10.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Buckley has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Buckley, for the year ended December 31, 2013, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the City used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Buckley, as of December 31, 2013, or the

changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

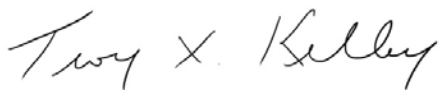
Other Matters

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

December 23, 2014

FINANCIAL SECTION

**City of Buckley
Pierce County
January 1, 2013 through December 31, 2013**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2013
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2013
Notes to Financial Statements – 2013

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2013

City of Buckley

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS CODE		Total for	001	101
		All Funds 1/	Current Expense	Street Operations
		Total Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
30810	Beg Fund Bal-Reserved	\$916,542.81	\$0.00	\$0.00
30880	Beg Fund Bal-Unreserved	\$4,421,822.85	\$1,068,583.84	\$34,200.53
38880/58880	Prior Period Adjustments, net	\$0.00	\$0.00	\$0.00
Operating Revenues				
310	Taxes	\$2,792,271.43	\$2,142,593.36	\$0.00
320	Licenses and Permits	\$157,045.09	\$157,045.09	\$0.00
330	Intergovernmental Revenues	\$579,683.49	\$51,297.49	\$90,237.01
340	Charges for Goods and Services	\$6,165,499.80	\$445,277.47	\$0.00
350	Fines and Penalties	\$144,142.53	\$142,142.53	\$0.00
360	Miscellaneous Revenues	\$495,066.76	\$122,785.10	\$44.74
Total Operating Revenues:		\$10,333,709.10	\$3,061,141.04	\$90,281.75
Operating Expenditures:				
510	General Government	\$1,125,883.77	\$1,125,883.77	\$0.00
520	Public Safety	\$1,953,021.91	\$1,734,922.43	\$0.00
530	Utilities	\$4,245,647.44	\$79,740.57	\$0.00
540	Transportation	\$130,733.65	\$0.00	\$109,049.35
550	Economic Environment	\$250,582.52	\$199,383.75	\$0.00
560	Social Services	\$785.23	\$785.23	\$0.00
570	Culture And Recreation	\$251,818.81	\$251,527.75	\$0.00
598	Intergovernmental Payments	\$0.00	\$0.00	\$0.00
Total Operating Expenditures:		\$7,958,473.33	\$3,392,243.50	\$109,049.35
Net Operating Increase (Decrease):		\$2,375,235.77	(\$331,102.46)	(\$18,767.60)
Nonoperating Revenues				
370,380,395,398	Other Financing Sources	\$180,667.06	\$168,498.96	\$1,541.40
391-393	Debt Proceeds	\$270,578.98	\$0.00	\$0.00
397	Transfers-In	\$998,260.58	\$465,496.37	\$56,020.00
Total Nonoperating Revenues:		\$1,449,506.62	\$633,995.33	\$57,561.40
Nonoperating Expenditures				
580,596,599	Other Financing Uses	\$166,091.36	\$126,001.68	\$0.00
591-593	Debt Service	\$962,487.20	\$0.00	\$0.00
594-595	Capital Expenditures	\$1,094,347.49	\$34,079.58	\$0.00
597	Transfers-Out	\$998,260.58	\$30,500.00	\$1,000.00
Total Nonoperating Expenditures:		\$3,221,186.63	\$190,581.26	\$1,000.00
Increase (Decrease in Cash and Investments		\$603,555.76	\$112,311.61	\$37,793.80
Ending Cash and Investments				
50810	End Fund Bal-Reserved	\$827,385.42	\$0.00	\$0.00
50880	End Fund Balance-Unreserved	\$5,114,536.00	\$1,180,895.45	\$71,994.33

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

City of Buckley

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS CODE		102	105	109
		Street Capital Improvements	Emergency Medical Services	Crim Just/drug Enforcement
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
30810	Beg Fund Bal-Reserved	\$78,623.70	\$132,706.57	\$64,103.84
30880	Beg Fund Bal-Unreserved	\$0.00	\$0.00	\$0.00
38880/58880	Prior Period Adjustments, net	\$0.00	\$0.00	\$0.00
Operating Revenues				
310	Taxes	\$0.00	\$160,363.77	\$61,049.93
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental Revenues	\$32,966.10	\$1,208.00	\$5,750.25
340	Charges for Goods and Services	\$101,773.68	\$0.00	\$0.00
350	Fines and Penalties	\$0.00	\$0.00	\$2,000.00
360	Miscellaneous Revenues	\$197.80	\$6,099.33	\$86.46
Total Operating Revenues:		\$134,937.58	\$167,671.10	\$68,886.64
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$0.00	\$143,782.60	\$15,292.76
530	Utilities	\$0.00	\$0.00	\$0.00
540	Transportation	\$21,684.30	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$0.00
560	Social Services	\$0.00	\$0.00	\$0.00
570	Culture And Recreation	\$0.00	\$0.00	\$0.00
598	Intergovernmental Payments	\$0.00	\$0.00	\$0.00
Total Operating Expenditures:		\$21,684.30	\$143,782.60	\$15,292.76
Net Operating Increase (Decrease):		\$113,253.28	\$23,888.50	\$53,593.88
Nonoperating Revenues				
370,380,395,398	Other Financing Sources	\$0.00	\$0.00	\$0.00
391-393	Debt Proceeds	\$0.00	\$0.00	\$0.00
397	Transfers-In	\$0.00	\$0.00	\$0.00
Total Nonoperating Revenues:		\$0.00	\$0.00	\$0.00
Nonoperating Expenditures				
580,596,599	Other Financing Uses	\$0.00	\$0.00	\$0.00
591-593	Debt Service	\$0.00	\$0.00	\$0.00
594-595	Capital Expenditures	\$11,613.25	\$0.00	\$0.00
597	Transfers-Out	\$163.69	\$6,800.00	\$70,000.00
Total Nonoperating Expenditures:		\$11,776.94	\$6,800.00	\$70,000.00
Increase (Decrease in Cash and Investments		\$101,476.34	\$17,088.50	(\$16,406.12)
Ending Cash and Investments				
50810	End Fund Bal-Reserved	\$180,100.04	\$149,795.07	\$47,697.72
50880	End Fund Balance-Unreserved	\$0.00	\$0.00	\$0.00

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

City of Buckley

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS CODE		134	136	202
		Fire Dept Station Construction	Visitor Promo & Devel	Fire Station Construction Debt Service
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
30810	Beg Fund Bal-Reserved	\$420,692.50	\$58,549.28	\$30,124.98
30880	Beg Fund Bal-Unreserved	\$0.00	\$0.00	\$0.00
38880/58880	Prior Period Adjustments, net	\$0.00	\$0.00	\$0.00
Operating Revenues				
310	Taxes	\$0.00	\$22,370.64	\$298,577.76
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental Revenues	\$0.00	\$0.00	\$0.00
340	Charges for Goods and Services	\$8,721.15	\$0.00	\$0.00
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous Revenues	\$554.27	\$1,127.03	\$0.00
Total Operating Revenues:		\$9,275.42	\$23,497.67	\$298,577.76
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$25,432.49	\$0.00	\$0.00
530	Utilities	\$0.00	\$0.00	\$0.00
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$8,998.90	\$0.00
560	Social Services	\$0.00	\$0.00	\$0.00
570	Culture And Recreation	\$0.00	\$291.06	\$0.00
598	Intergovernmental Payments	\$0.00	\$0.00	\$0.00
Total Operating Expenditures:		\$25,432.49	\$9,289.96	\$0.00
Net Operating Increase (Decrease):		(\$16,157.07)	\$14,207.71	\$298,577.76
Nonoperating Revenues				
370,380,395,398	Other Financing Sources	\$0.00	\$0.00	\$0.00
391-393	Debt Proceeds	\$0.00	\$0.00	\$0.00
397	Transfers-In	\$0.00	\$0.00	\$9,705.06
Total Nonoperating Revenues:		\$0.00	\$0.00	\$9,705.06
Nonoperating Expenditures				
580,596,599	Other Financing Uses	\$0.00	\$0.00	\$0.00
591-593	Debt Service	\$0.00	\$0.00	\$300,837.50
594-595	Capital Expenditures	\$195,345.50	\$0.00	\$0.00
597	Transfers-Out	\$9,705.06	\$962.79	\$0.00
Total Nonoperating Expenditures:		\$205,050.56	\$962.79	\$300,837.50
Increase (Decrease in Cash and Investments		(\$221,207.63)	\$13,244.92	\$7,445.32
Ending Cash and Investments				
50810	End Fund Bal-Reserved	\$199,484.87	\$71,794.20	\$37,570.30
50880	End Fund Balance-Unreserved	\$0.00	\$0.00	\$0.00

1/ This column summarizes ALL reported funds, not just funds listed on this page
The Accompanying Notes Are An Integral Part Of This Statement.

City of Buckley

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS CODE		306	307	308
		Storm Drain Repair & Construct	Capital Improvement	Comp Plan Capital Improve
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
30810	Beg Fund Bal-Reserved	\$0.00	\$0.00	\$0.00
30880	Beg Fund Bal-Unreserved	\$161,435.25	\$416,976.27	\$273,242.08
38880/58880	Prior Period Adjustments, net	\$0.00	\$0.00	\$0.00
Operating Revenues				
310	Taxes	\$0.00	\$53,658.00	\$53,657.97
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental Revenues	\$0.00	\$0.00	\$0.00
340	Charges for Goods and Services	\$0.00	\$0.00	\$0.00
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous Revenues	\$23.90	\$663.69	\$406.73
Total Operating Revenues:		\$23.90	\$54,321.69	\$54,064.70
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$0.00	\$0.00	\$33,591.63
530	Utilities	\$0.00	\$0.00	\$14,000.00
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$19,688.55	\$22,511.32
560	Social Services	\$0.00	\$0.00	\$0.00
570	Culture And Recreation	\$0.00	\$0.00	\$0.00
598	Intergovernmental Payments	\$0.00	\$0.00	\$0.00
Total Operating Expenditures:		\$0.00	\$19,688.55	\$70,102.95
Net Operating Increase (Decrease):		\$23.90	\$34,633.14	(\$16,038.25)
Nonoperating Revenues				
370,380,395,398	Other Financing Sources	\$0.00	\$0.00	\$0.00
391-393	Debt Proceeds	\$0.00	\$0.00	\$0.00
397	Transfers-In	\$0.00	\$30,000.00	\$0.00
Total Nonoperating Revenues:		\$0.00	\$30,000.00	\$0.00
Nonoperating Expenditures				
580,596,599	Other Financing Uses	\$0.00	\$0.00	\$0.00
591-593	Debt Service	\$0.00	\$0.00	\$0.00
594-595	Capital Expenditures	\$0.00	\$2,559.60	\$0.00
597	Transfers-Out	\$161,459.15	\$571.78	\$353.94
Total Nonoperating Expenditures:		\$161,459.15	\$3,131.38	\$353.94
Increase (Decrease in Cash and Investments		(\$161,435.25)	\$61,501.76	(\$16,392.19)
Ending Cash and Investments				
50810	End Fund Bal-Reserved	\$0.00	\$0.00	\$0.00
50880	End Fund Balance-Unreserved	\$0.00	\$478,478.03	\$256,849.89

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

City of Buckley

Page 5 of 7

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS CODE		401	402	403
		Natural Gas	Water Sewer	Solid Waste
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
30810	Beg Fund Bal-Reserved	\$0.00	\$0.00	\$0.00
30880	Beg Fund Bal-Unreserved	\$1,009,549.92	\$1,140,151.61	\$37,561.94
38880/58880	Prior Period Adjustments, net	\$0.00	\$0.00	\$0.00
Operating Revenues				
310	Taxes	\$0.00	\$0.00	\$0.00
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental Revenues	\$0.00	\$294,367.04	\$0.00
340	Charges for Goods and Services	\$1,896,746.17	\$2,471,520.86	\$813,112.13
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous Revenues	\$4,759.00	\$243,361.44	\$1,174.32
Total Operating Revenues:		\$1,901,505.17	\$3,009,249.34	\$814,286.45
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$0.00	\$0.00	\$0.00
530	Utilities	\$1,731,168.35	\$1,385,247.65	\$782,882.38
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$0.00
560	Social Services	\$0.00	\$0.00	\$0.00
570	Culture And Recreation	\$0.00	\$0.00	\$0.00
598	Intergovernmental Payments	\$0.00	\$0.00	\$0.00
Total Operating Expenditures:		\$1,731,168.35	\$1,385,247.65	\$782,882.38
Net Operating Increase (Decrease):		\$170,336.82	\$1,624,001.69	\$31,404.07
Nonoperating Revenues				
370,380,395,398	Other Financing Sources	\$3,319.64	\$7,307.06	\$0.00
391-393	Debt Proceeds	\$0.00	\$270,578.98	\$0.00
397	Transfers-In	\$32,000.00	\$213,977.00	\$0.00
Total Nonoperating Revenues:		\$35,319.64	\$491,863.04	\$0.00
Nonoperating Expenditures				
580,596,599	Other Financing Uses	\$39,173.70	\$356.29	\$0.00
591-593	Debt Service	\$0.00	\$661,649.70	\$0.00
594-595	Capital Expenditures	\$412.05	\$723,357.94	\$0.00
597	Transfers-Out	\$139,794.75	\$416,652.00	\$38,494.00
Total Nonoperating Expenditures:		\$179,380.50	\$1,802,015.93	\$38,494.00
Increase (Decrease in Cash and Investments		\$26,275.96	\$313,848.80	(\$7,089.93)
Ending Cash and Investments				
50810	End Fund Bal-Reserved	\$0.00	\$0.00	\$0.00
50880	End Fund Balance-Unreserved	\$1,035,825.88	\$1,454,000.41	\$30,472.01

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

City of Buckley

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS CODE		407	430	701
		Storm Water Operations & Maintenance Fund	Utility Equipment Reserve	Cemetery Improvement
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
30810	Beg Fund Bal-Reserved	\$0.00	\$0.00	\$131,741.94
30880	Beg Fund Bal-Unreserved	\$0.00	\$280,121.41	\$0.00
38880/58880	Prior Period Adjustments, net	\$0.00	\$0.00	\$0.00
Operating Revenues				
310	Taxes	\$0.00	\$0.00	\$0.00
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental Revenues	\$103,857.60	\$0.00	\$0.00
340	Charges for Goods and Services	\$418,587.37	\$0.00	\$9,760.97
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous Revenues	\$113,361.54	\$421.41	\$0.00
Total Operating Revenues:		\$635,806.51	\$421.41	\$9,760.97
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$0.00	\$0.00	\$0.00
530	Utilities	\$252,608.49	\$0.00	\$0.00
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$0.00
560	Social Services	\$0.00	\$0.00	\$0.00
570	Culture And Recreation	\$0.00	\$0.00	\$0.00
598	Intergovernmental Payments	\$0.00	\$0.00	\$0.00
Total Operating Expenditures:		\$252,608.49	\$0.00	\$0.00
Net Operating Increase (Decrease):		\$383,198.02	\$421.41	\$9,760.97
Nonoperating Revenues				
370,380,395,398	Other Financing Sources	\$0.00	\$0.00	\$0.00
391-393	Debt Proceeds	\$0.00	\$0.00	\$0.00
397	Transfers-In	\$171,562.15	\$19,500.00	\$0.00
Total Nonoperating Revenues:		\$171,562.15	\$19,500.00	\$0.00
Nonoperating Expenditures				
580,596,599	Other Financing Uses	\$0.00	\$0.00	\$559.69
591-593	Debt Service	\$0.00	\$0.00	\$0.00
594-595	Capital Expenditures	\$126,979.57	\$0.00	\$0.00
597	Transfers-Out	\$121,438.00	\$365.42	\$0.00
Total Nonoperating Expenditures:		\$248,417.57	\$365.42	\$559.69
Increase (Decrease in Cash and Investments		\$306,342.60	\$19,555.99	\$9,201.28
Ending Cash and Investments				
50810	End Fund Bal-Reserved	\$0.00	\$0.00	\$140,943.22
50880	End Fund Balance-Unreserved	\$306,342.60	\$299,677.40	\$0.00

1/ This column summarizes ALL reported funds, not just funds listed on this page
The Accompanying Notes Are An Integral Part Of This Statement.

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds	631 Municipal Court Trust
308	Beginning Cash and Investments	28,356	28,356
388 and 588	Prior Period Adjustments, net	0	0
310-360	Revenues	0	0
380-390	Other Increases and Financing Sources	380,784	380,784
510-570	Expenditures	0	0
580-590	Other Decreases and Financing Uses	396,582	396,582
Increase (Decrease) in Cash and Investments		-15,798	-15,798
508	Ending Cash and Investments	12,558	12,558

The accompanying notes are an integral part of this Statement.

CITY OF BUCKLEY
NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2013 THROUGH DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Buckley reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State Law, Chapter 43.09 RCW.

The City of Buckley was incorporated on May 22, 1890 and operates under the laws of the State of Washington applicable to a non-charter code city (RCW 35A) with a Mayor/Council form of government. The City is a general purpose government and provides building and planning services, street improvements, police and fire protection, as well as recreation activities, a senior citizen's program and general administrative services. In addition the City owns and operates a Natural Gas, Water/Sewer, and Storm Drain Utility and a Cemetery. The City uses single-entry, cash basis accounting which is a departure from Generally Accepted Accounting Principles (GAAP).

A. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprise its cash, investments, revenues and expenditures, as appropriate. The City's resources are allocated to and accounted for in individual funds depending on their intended purpose.

The following are the fund types used by the City:

GOVERNMENTAL FUND TYPES:

General Fund (Fund No. 001)

This fund is the primary operating fund of the City. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds (Funds in the 100 series)

These funds account for revenues that are restricted, committed or assigned to expenditures for specific purposes of the City.

Debt Service Funds (Funds in the 200 series)

These funds account for the financial resources that are restricted, committed or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds (Funds in the 300 series)

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

Permanent Funds (Funds in the 700 series)

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds (Funds in the 400 series)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Agency Funds

These funds are used to account assets that the City holds for others in an agency capacity.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year budget appropriations, as required by state law.

In accordance with state law the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. Budgets

The City adopts Annual appropriated budgets for all funds of the city. These budgets are adopted at the fund level. The budgets constitute the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

Fund/Department	Final Appropriated	Actual	
	Amounts	Expenditures	Variance
Current Expense Fund	\$ 3,591,407	\$ 3,409,609	\$ 181,798
Cemetery Fund	\$ 89,216	\$ 88,860	\$ 356
Police Equip. Reserve	\$ 136,250	\$ 119,604	\$ 16,646
Railroad Row Maint & Dev	\$ 28,033	\$ 26,081	\$ 1,952
Fire Equipment Reserve	\$ 624,036	\$ 27,374	\$ 596,662
Park Construction	\$ 6,100	\$ 79	\$ 6,021
Street Operations	\$ 113,608	\$ 110,049	\$ 3,559
Arterial Street Capital	\$ 195,750	\$ 33,461	\$ 162,289
Emergency Medical Services	\$ 167,351	\$ 150,583	\$ 16,768
Criminal Justice/Drug Enforce	\$ 87,000	\$ 85,293	\$ 1,707
Fire Dept Station Construction	\$ 212,560	\$ 230,483	\$ (17,923)
Visitor Promo & Development	\$ 20,992	\$ 10,253	\$ 10,739
Fire Station Bond Fund	\$ 300,836	\$ 300,838	\$ (2)
Cemetery Endowment Fund	\$ 1,000	\$ 560	\$ 440
Capital Improvement	\$ 308,700	\$ 22,820	\$ 285,880
Comp Plan Capital Improv	\$ 152,690	\$ 70,457	\$ 82,233
Natural Gas	\$ 2,219,596	\$ 1,980,497	\$ 239,099
Water/Sewer Operations	\$ 2,442,703	\$ 2,353,407	\$ 89,296
Solid Waste Operations	\$ 819,032	\$ 821,376	\$ (2,344)
Natural Gas Capital Construction	\$ 153,700	\$ 2,052	\$ 151,648
Sewer Construction	\$ 841,389	\$ 793,555	\$ 47,834
Water Construction	\$ 2,045,000	\$ 682,217	\$ 1,362,783
Stormwater Operations	\$ 423,017	\$ 404,367	\$ 18,650
Stormwater Construction	\$ 151,000	\$ 126,980	\$ 24,020
Utility Equipment Reserve	\$ 294,200	\$ 365	\$ 293,835
Muni Court Trust	\$ 282,105	\$ -	\$ 282,105
TOTAL	\$ 15,707,271	\$ 11,851,219	\$ 3,856,052

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of

employment must be approved by the city's legislative body.

The City is very mindful of the necessity to adopt a budget ordinance to authorize appropriations throughout the fiscal period. The city additionally has a process for monitoring budget activity to assure that amendments are adopted when additional appropriations are needed. A component of the city budget is the use of managerial funds to assist with developing reserves for debt service and capital projects. The City passed a general obligation bond for the construction of a new Fire Station in 2010. In conjunction with this voter approved bond the City created a Bond Fund for the collection of taxes and reserves for future debt service. The city had previously established a Fire Station Construction fund for the collection of reserves dedicated for this purpose. These two (2) funds are reported and budgeted separately, however they represent the same activity. In the city's endeavor to build the debt repayment reserves, the above matrix presents a misconception that the city exceeded its lawful appropriation in the Fire Station Construction fund, while in fact it is an interfund transfer from the Construction fund to the Bond fund for future debt obligations.

The city is required to record expenditures in the open period per RCW 35A.33.150. The city endeavored to project these open period costs for all funds and adopted a budget amendment in December of 2013 to meet these compliance obligations. The Solid Waste funds excise tax liability cannot be calculated until after the end of the year at which time it is discovered that this expenditure would exceed the budget appropriation. The negative budget variance of the Solid Waste fund is due to compliance with RCW 35A.33.150. Future budget monitoring will take this compliance issue into consideration.

D. Cash

It is the City's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is posted to the fund from which the surplus arises.

E. Deposits

The City's deposits are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

F. Investments See Note # 2

G. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000. Capital assets are long-lived assets of the City and are recorded as expenditures when purchased.

H. Compensated Absences

Vacation time may be accrued to a maximum of 240 hours (30 days), except under unusual circumstances and subject to approval of the department manager and the City Administrator (see

section 6.04.05 below). Any unapproved accrual beyond the 240 hour limit will be forfeited by the employee.

Section 6.04.05 states that in cases where the Mayor and/or City Administrator have determined that city operations have made it impractical for an employee to use vacation time, those non-union employees may elect to take a portion of their annual carryover balance of vacation time in cash as opposed to taking the time off. The employee may only exercise the option to buy back vacation hours once in a calendar year. The buy/back payment, if chosen, will occur in December of the year in which the request is submitted. The maximum hours that may be exercised for vacation buy-back is eighty (80) hours in any calendar year, on an hour for hour basis. Upon separation from city employment, any regular status employee with more than the equivalent of six months of service shall be paid for up to a maximum of 240 hours of accrued vacation. Compensation shall be based upon the employee's salary at the time of separation and shall be subject to applicable withholding under state and federal law.

Sick leave may be accumulated up to 1760 hours for both non-union and union employees. Upon retirement, employees receive payment for 25% of unused sick leave.

The City does not record accumulated unused vacation and sick leave in its funds.

I. Long-Term Debt See Note # 5

J. Other Financing Sources or Uses

The City's Other Financing Sources or Uses consist of debt service.

K. Risk Management

The City of Buckley is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of September 1, 2013, there are 236 members in the program.

The program provides the following forms of joint self-insurance and excess coverage for its members: Property, including automobile comprehensive and collision, equipment breakdown and crime protection, and liability, including general, automobile and wrongful acts, are included to fit members' various needs.

The program acquires liability insurance through their Administrator, Canfield, that is subject to a

per-occurrence self-insured retention of \$100,000. The standard member deduction is \$1,000 for each claim (deductible may vary per member), while the pool is responsible for the remaining \$100,000 self-insured retention. Insurance carriers cover insured losses over \$101,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$100,000 portion of the self-insured retention. The program also purchases a Stop Loss Policy with an attachment point of \$3,247,000 to cap the total claims paid by the program in any one year.

Property insurance is subject to a per-occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 of the deductible for each claim. The program bears the \$25,000 self-insured retention in addition to the deductible.

Equipment breakdown insurance is subject to a per-occurrence deductible of \$2,500 (\$10,000 for Pumps & Motors). Members are responsible for the deductible amount of each claim. There is no pool self-insured retention on this coverage.

Members contract to remain in the pool for a minimum of one year, and must give notice before August 31 before terminating participation the following September 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the pool. The program has no employees. Claims are filed by members with Canfield, which has been contracted to perform program administration, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ended August 31, 2013, were \$1,423,059.12.

L. Reserved Fund Balance

The City has the following reserved fund balances

- \$ 180,100 Street Capital Improvement(102) – restricted to grant projects and mitigation fees collected for traffic impact
- \$ 149,795 Special EMS Levy (105)
- \$ 47,698 Criminal Justice (109)- funds restricted by RCW
- \$ 199,485 Fire Station Construction Bond (134)
- \$ 71,794 Hotel/Motel Fund (136)–RCW 67.28.1815 restricts use
- \$ 37,570 GO Bond (voted) excess levy (202)
- \$ 140,943 Cemetery Endowment Care (Cemetery Improvement) fund (701)

NOTE 2 - INVESTMENTS

The City's investments are either insured, registered or held by the City or its agent in the City's name.

Investments are presented at cost. Investments by type at December 31, 2013, are as follows:

Type of Investment	City's Own Investments	Investments held by the City as an agent for other local governments, individuals or private organizations	Total
LGIP	\$ 5,302,095.69	\$ -	\$ 5,302,095.69
		\$ -	\$ -
Total	\$ 5,302,095.69		\$ 5,302,095.69

NOTE 3 - PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by Buckley. Delinquent taxes are considered fully collectible because a lien affixes to the property when taxes are levied.

The City's regular levy for 2013 was \$2.11206 per \$1000 on an assessed valuation of \$366,697,156 for a total regular levy of \$774,485.

In 2013, the City collected \$.5000 per \$1000 for Emergency Medical Services for a total additional levy of \$183,349.

The City's excess levy for voted general obligation bonds for a Fire Station for 2013 was \$.82766 per \$1,000 on an assessed valuation of \$359,731,955 for an excess levy of \$297,736.00

NOTE 4 - INTERFUND LOANS AND ADVANCES

The City adopted Resolution #09-17 and #10-07 which authorized a temporary transfer of funds between managerial funds of the City that were created for the purpose of capital improvements and construction for the City Fire Station. Upon further analysis of the resolutions adopted, these resolutions do not meet the definition of an "Interfund Loan". (See Other Disclosures)

The following table displays the re-classification of this previously reported interfund loan for fiscal year 2013:

Borrowing Fund	Lending Fund	Balance 1/1/13	New Loans	Reclassified	Ending Balance 12/31/13
134	130	\$ 230,000.00	\$ -	\$ 230,000.00	\$ -

NOTE 5 - LONG-TERM DEBT

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2013.

The debt service requirements for general obligation bonds and other debt including both principle and interest are as follows:

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2014	\$ 298,837.50	\$ -	\$ 686,347.98	\$ 985,185.48
2015	\$ 301,337.50	\$ -	\$ 685,909.58	\$ 987,247.08
2016	\$ 298,450.00	\$ -	\$ 681,317.61	\$ 979,767.61
2017	\$ 300,300.00	\$ -	\$ 664,883.53	\$ 965,183.53
2018	\$ 302,000.00		\$ 597,725.64	\$ 899,725.64
2019-2023	\$ 1,118,512.50	\$ -	\$ 2,768,234.42	\$ 3,886,746.92
2024-2028	\$ 1,320,950.00	\$ -	\$ 1,798,834.38	\$ 3,119,784.38
2029-2033	\$ 1,457,900.00	\$ -	\$ 101,203.45	\$ 1,559,103.45
2034-2038	\$ 1,449,700.00	\$ -	\$ -	\$ 1,449,700.00
2039-2040	\$ 1,435,500.00	\$ -	\$ -	\$ 1,435,500.00
TOTALS	\$8,283,487.50	\$ -	\$ 7,984,456.59	\$16,267,944.09

NOTE 6- PENSION PLANS

Substantially all of the City's full-time and qualifying part-time employees participate in either Public Employees Retirement System (PERS), or Law Enforcement Officers and Fire Fighters' Retirement System (LEOFF) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City's financial statements. Contributions to the systems by both employee and employers are based upon gross wages covered by the plan.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98504-8380

The City's volunteer fire department is covered by the Volunteer Fire Fighters' Relief and Pension Fund.

NOTE 7- CONTINGENCIES AND LITIGATION

In the opinion of management, the City's insurance policies are adequate to pay all known or pending claims.

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors of their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowances, if any, will be immaterial.

NOTE 8 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with an independent plan administrator. The plan, available to all eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

Compensation deferred under the plan and all income attributable to the plan are solely the property of the City. The City's rights to this property are subject to the claims of the City's general creditors until paid to the employee or other beneficiary and are not restricted to the benefit provisions under the plan.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is highly unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 09 – OTHER DISCLOSURES –

Fund Classification

The City has several managerial funds that have been established to meet its fiscal and budgetary needs. For reporting purposes these funds are rolled to meet the BARS requirements as prescribed by the WA State Auditor's Office under RCW 43.09. The funds are:

- Current Expense (General) Fund reflects the activities of fund #001, 004, 007, 008,030 and 035
- Natural Gas Utility Fund – reflects the activities of fund #401 and 404
- Water/Sewer Utility Fund – reflects the activities of fund #402,405 and 406
- Stormwater Utility Fund – reflects the activities of fund #407 and 408

Yearend Reconciliation Items

The City has implemented several internal controls over the reconciliation of its financial transactions to the bank statements. External reviews by an independent accountant are performed on a monthly basis. The results of this external review are timely bank reconciliations for the City as a backup to the City's automated accounting software system. At the end of the fiscal year, the City's financial reports and fund balance are overstated in the amount of \$4,453.53 and is attributed to NSF transactions.

Budget Compliance

Incorporating the Municipal Court Trust into the City's financial and budget reports has been a new requirement. The City endeavored to project a budget appropriation for this fiduciary activity for the 2013 Budget year. These funds are "fiduciary" and therefore not required to be appropriated in order to disburse. All of the monies collected are disbursed to either state and/or local government entities. The city shall reconsider whether it is appropriate to incorporate this fiduciary fund into its annual appropriations ordinance.

The City did exceed its lawful appropriation in the Fire Station Construction fund (see Budget Note 1 (c) for further explanation), however due to the nature of the transaction (transfer of monies for future debt service) it is the opinion of the City that it does not violate the intent of RCW 35A.33.120

The City did exceed its lawful appropriation in the Solid Waste fund (see Budget Note 1 (c) for further explanation). It was the City's intent to comply with RCW 35A.33.150 for open period expenditures which created a compliance issue with RCW 35A.33.120.

Temporary Transfer of Funds

The City adopted Resolution #09-17 and #10-07 which authorized a temporary transfer of funds between certain governmental funds of the City that were created for the purpose of capital improvements and construction of the City Fire Station. Upon further analysis of the resolutions adopted, these resolutions do not meet the definition of an "Inter-fund Loan" and therefore the disclosure previously provided under Note #4 Interfund Loans has been modified.

The intent of Resolutions #09-17 and #10-07 was to provide bond anticipation funds for the Fire Station building that was voter approved with a general obligation bond. The repayment of this temporary transfer was to be made upon completion of the project and after receipt bond proceeds. As of December 31, 2013 the construction project has been completed and resulted in construction costs exceeding bond proceeds. The council will be evaluating its intent to replenish the reserve account during fiscal year 2014 after the sale of the city's natural gas utility is completed.

City of Buckley

Schedule of Liabilities
For the year ended December 31, 2013

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013
General Obligations							
	251.14	Fire Station - GO Bond (voted)	12/1/2040	4,852,925	0	100,000	4,752,925
	259.11	Gen'l Obligation - Compensated Absence Liability	12/31/2013	330,710	0	13,527	317,183
Total General Obligations:				5,183,635	0	113,527	5,070,108
Revenue Obligations							
	263.82	Sewer - PW96	6/30/2016	50,369	0	11,842	38,527
	263.82	Sewer - PW97	6/30/2017	315,788	0	63,158	252,630
	263.82	Sewer - PW98	6/30/2018	208,006	0	34,667	173,339
	263.82	Sewer - PW03	6/30/2023	434,689	0	39,517	395,172
	263.82	STP Upgrade - PW06	6/30/2026	4,900,000	0	350,000	4,550,000
	263.82	Sewer - PC08	6/30/2028	1,894,737	0	118,421	1,776,316
	263.82	Water - PW13	6/1/2032	0	270,579	0	270,579
	259.12	Natural Gas Fund Compensated Absence	12/31/2013	14,011	0	3,154	10,857
	259.12	W/S/STP - Compensated Absence Liability	12/31/2013	50,284	0	4,534	45,750
Total Revenue Obligations:				7,867,884	270,579	625,293	7,513,170
Total Liabilities:				13,051,519	270,579	738,820	12,583,278

The accompanying notes to the financial statements are an integral part of this schedule

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Deputy Director for Communications	Thomas Shapley Thomas.Shapley@sao.wa.gov (360) 902-0367
Public Records requests	(360) 725-5617
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov